Supreme Court, U.S.
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No. 95-321

In The

Supreme Court of the United States

October Term, 1995

SGS-THOMSON MICROELECTRONICS, INC.,

Cross-Petitioner,

v.

INTERNATIONAL RECTIFIER CORPORATION,

Cross-Respondent.

Cross-Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF IN OPPOSITION

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September 25, 1995

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QUESTION PRESENTED

When a party seeks only an equitable injunction barring further acts of patent infringement, does the opposing party gain a Seventh Amendment right to a jury trial by re-casting its affirmative defense of "inequitable conduct" as a counterclaim for declaratory relief?

LIST OF AFFILIATES

Pursuant to Supreme Court Rule 29.1, there are no parent companies or non-wholly owned subsidiaries of the cross-respondent, International Rectifier Corporation.

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BRIEF IN OPPOSITION

Respondent International Rectifier Corporation ("IR") respectfully submits that SGS-Thomson Microelectronics, Inc.'s ("ST's") cross-petition for a writ of certiorari should be denied. None of the traditional criteria for granting certiorari are present. Rather, the Federal Circuit's ruling is merely another link in a long chain of decisions which have reached the same result on the same facts. Review of that ruling would add nothing to the Court's review and consideration of the question presented by IR's Petition in No. 95-143.

DECISIONS BELOW

The relevant opinions of the Federal Circuit Court of Appeals (Pet. App., pp. 1-4; Opp. App., pp. 1a-3a) have recently been published. *In re SGS-Thomson Microelectronics, Inc.*, 35 USPQ2d 1639 (1995) (denial of IR's suggestion for rehearing *en banc*); *In re SGS-Thomson Microelectronics, Inc.*, 35 USPQ2d 1572 (1995) (grant in part and denial in part of ST's petition for writ of mandamus). The Federal Circuit's denial of suggestion for rehearing *en banc* is a precedential decision; that court's decision on ST's petition for writ of mandamus is not.

STATEMENT OF THE CASE

In its statement of the case, and elsewhere in its cross-petition, ST refers to its subject defense and declaratory relief claim as asserting "fraud on the patent office." (*E.g.*, Cross-Pet., pp. i, 2-5.) Such a description is disfavored; the correct label is, and has been for at least ten years, "inequitable conduct."[1] ST cannot disguise the "equitable" nature of its defense and counterclaim by mislabeling them as "fraud."

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[1] *See, e.g., Korody-Coyler Corp. v. General Motors Corp.*, 760 F.2d 1293, 1294 n.1 (Fed. Cir. 1985) (" 'inequitable conduct' more properly describes what has been called 'fraud on the Patent and Trademark Office' "); *In re Harita*, 847 F.2d 801, 807 (Fed.Cir. 1988) ("What was once simply called 'Fraud on the patent office,' . . . now bears the name 'inequitable conduct' "); *Tennant Co. v. Hako Minuteman, Inc.*, 651 F. Supp. 945, 957 (1986) ("given the differences between conduct which makes a patent unenforceable and the acts which give rise to a common law action for fraud, the Federal Circuit now prefers the characterization 'inequitable conduct' ").

REASONS FOR DENYING THE CROSS-PETITION

I. THE CROSS-PETITION IS NOT "CERTWORTHY."[2]

The cross-petition raises no conflict among the federal courts, no conflict among the state courts on a federal question, no conflict with the decisions of this Court, and no important question of federal law which needs to be settled by this Court. (*See* Sup. Ct. Rule 10.1(a)-(c).) ST does not suggest otherwise. The absence of any "special and important reason" for granting certiorari should be reason enough to deny it. (*Id.*, Rule 10.1.)

II. THE FEDERAL CIRCUIT'S RULING IS NOT NOVEL.

ST argues that its cross-petition should be treated the same as IR's Petition because the legal issues are supposedly related and the Federal Circuit supposedly erred to the extent of its ruling against ST. (Cross-Pet., p. 4.) Neither argument has merit. The relationship between the jury trial issues in IR's Petition and ST's Cross-Petition is superficial at best. While both petitions arise from customary patent affirmative defenses that have been recast as redundant declaratory relief claims, the authority for the Federal Circuit's rulings could not be more different.

In stark contrast to the Federal Circuit's ruling on the issue in IR's Petition (*see* Pet., pp. 9-20), its decision on the issue in ST's Cross-Petition follows a long and unbroken line of cases holding that *no* jury trial right attaches to inequitable conduct. *See, e.g., General Electro Music Corp. v. Samick*

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[2] Justice Harlan, *Manning the Dikes*, 13 Record of N.Y.C. Bar Ass'n 541, 549 (1958), *quoted in* Stern, Gressman, Shapiro & Geller, *Supreme Court Practice* at 166 & n.7 (7th ed. 1993).

Music Corp., 19 F.3d 1405, 1408 (Fed. Cir. 1994) (citing *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987)) ("[t]he disputed issues of fact underlying the issue of inequitable conduct are not jury questions, the issue being entirely equitable in nature"); *Paragon Podiatry Laboratory Inc. v. KLM Laboratories Inc.*, 984 F.2d 1182, 1190 (Fed. Cir. 1993) ("The defense of inequitable conduct in a patent suit, being entirely equitable in nature, is not an issue for a jury to decide"); *Wahpeton Canvas Company, Inc. v. Frontier, Inc.*, 870 F.2d 1546, 1548 n.1 (Fed. Cir. 1989) ("inequitable conduct is an equitable issue triable by the judge"); *Solarex Corp. v. Arco Solar, Inc.*, 870 F.2d 642, 644 n.2 (Fed. Cir. 1989) ("inequitable conduct is equitable, not legal, in nature"); *Gardco*, 820 F.2d at 1213 (affirming district court's decision to try inequitable conduct defense separately in a bench trial in advance of jury trial on validity and infringement defenses). The roots of the inequitable conduct defense have been traced back to the distinctly equitable doctrine of "unclean hands" and a decision of this Court. *Gardco*, 820 F.2d at 1212 (citing *Precision Instruments Mfg. Co. v. Automotive Maintenance. Mach. Co.*, 324 U.S. 806 (1945)).

ST would have the Court overrule all these decisions and others. Yet ST proffers ***no controlling precedent*** that is inconsistent with these decisions or that supports ST's position. Rather, ST engages in the " 'abstruse historical' search" that this Court has cautioned against in situations where, as here, the historically equitable foundation for the claim (inequitable conduct) is so well-established (the equitable doctrine of unclean hands). *See Tull v. United States*, 481 U.S. 412, 421 (1987) (quoting *Ross v. Bernhard*, 396 U.S. 531, 538 n.10 (1970)).

ST then compounds its error by committing the same fundamental error as the Federal Circuit in *In re Lockwood*, 50 F.3d 966 (Fed. Cir.), *vacated sub. nom, American Airlines,*

Inc. v. Lockwood, ___ U.S. ___ (1995): an utter failure to consider the second, and more important, part of this Court's Seventh Amendment test under which the court must " 'examine the remedy sought and determine whether it is legal or equitable in nature.' " *Granfinanciera, S.A. v. Nordberg*, 429 U.S. 33, 42 (1989) (quoting *Tull*, 481 U.S. at 417-18).

No party to this case is seeking monetary relief or the return of property, the only two forms of relief that this Court has recognized as being legal in nature (Pet., pp. 16-17). IR seeks injunctive relief, which lies at the very core of equitable remedies (*id.*, p. 11), and ST seeks a declaration of rights (specifically a declaration that IR's patents are unenforceable because of inequitable conduct), a form of relief traditionally recognized by this Court as being equitable in nature (*id.*, pp. 18-19; *see also* pp. 3-4, *supra*), and which, in any event, does not alter the basic character of the action or the parties' jury trial rights, if any, in the underlying controversy, *Simler v. Conner*, 372 U.S. 221, 223 (1963).

CONCLUSION

ST's cross-petition should be denied.

September 25, 1995

Respectfully submitted,

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